Atlanta Housing Market: Trends, Causes, and Effects

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Atlanta home values crashed harder than rest of U.S.
Home value growth slowed in recent months

Source: Zillow Home Value Index, April 2019
Atlanta climbing the “hottest market” rankings

Source: Zillow Home Value Index, April 2019, Top 35 metros.
Atlanta’s peers experiencing similar surges

Source: Zillow Home Value Index, April 2019

<table>
<thead>
<tr>
<th>City</th>
<th>Median Home Value</th>
<th>Amount above peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashville, TN</td>
<td>$255,300</td>
<td>+57.5% +$93,200</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>$243,900</td>
<td>+60.0% +$91,500</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>$219,600</td>
<td>+18.9% +$34,900</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>$208,500</td>
<td>+31.9% +$50,400</td>
</tr>
</tbody>
</table>
Fulton County home value growth setting the pace

Amount above peak

- Fulton County: +23.4% (+$54,100)
- Cherokee County: +26.1% (+$53,800)
- Cobb County: +26.4% (+$53,900)
- Gwinnett County: +20.4% (+$39,300)
- Dekalb County: +17.0% (+$29,500)
- Clayton County: -4.6% (-$5,900)

Source: Zillow Home Value Index, April 2019
Middle-tier homes growing the fastest since last peak

Source: Zillow Home Value Index, April 2019

- Top Third: $405,500 (+17.6% / $60,800)
- Middle Third: $219,600 (+18.9% / $34,900)
- Bottom Third: $133,000 (+6.3% / $7,910)
City of Atlanta driving much of the region’s recent value growth

Source: Zillow Home Value Index, April 2019

Amount above peak

- Cumming: +19.8% +$54,200
- Marietta: +27.2% +$61,300
- Atlanta: +19.6% +$42,600
- Lawrenceville: +22.1% +$39,700
- Stone Mountain: +4.3% +$6,400

Source: Zillow Home Value Index, April 2019
Atlanta metro rental values continue upward creep

Source: Zillow Rent Index, April 2019

United States
$1,477
Atlanta, GA
$1,452
City of Atlanta epicenter of region’s booming rental market

Source: Zillow Rent Index, April 2019
Five-year rental value growth

Source: Zillow Rent Index, April 2019
Five-year rental value growth

Source: Zillow Rent Index, April 2019
Five-year rental value growth

Source: Zillow Rent Index, April 2019
Five-year rental value growth

Source: Zillow Rent Index, April 2019
Five-year rental value growth

Source: Zillow Rent Index, April 2019
Lower cost Atlanta neighborhoods among the fastest appreciating

- Expensive but Stable
  - Brookwood Hills
  - Margaret Mitchell
  - Morningside - Lenox Park
- Expensive and Growing
  - Peachtree Park
  - Peachtree Heights East
  - Virginia Highland
  - Lake Claire
- Low Cost and Stable
  - Garden Hills
  - North Buckhead
  - Inman Park
  - East Chastain Park
  - East Lake
- Low Cost but Growing
  - Princeton Lakes
  - Downtown
  - Bolton
  - Cascade Heights
  - South Atlanta

Smaller % change than city
Larger % change than city
Drivers
Fulton County added a ton of jobs

- Fulton County, GA: 15.4%
- Other Atlanta Metro: 13.2%
- U.S. Total: 8.4%
Wage growth in Atlanta on par with national trend

U.S. Total
$102
Atlanta, GA
$97
A greater share of home buyers in Atlanta, Phoenix put down 5% or less

Share of home buyers who put down at least 20%, 6-19% and 5% or less

<table>
<thead>
<tr>
<th>City</th>
<th>At least 20%</th>
<th>Between 6 and 19%</th>
<th>5% or less</th>
<th>Don't remember</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>43.2%</td>
<td>27.7%</td>
<td>24.2%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>32.4%</td>
<td>18.6%</td>
<td>44.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Chicago</td>
<td>52.1%</td>
<td>27.8%</td>
<td>18.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>31.0%</td>
<td>30.4%</td>
<td>36.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>50.7%</td>
<td>30.2%</td>
<td>17.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>43.8%</td>
<td>28.9%</td>
<td>25.4%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: Zillow Group Consumer Housing Trends Report 2018
Savings are the main source of funding for down payments

Percent of buyers that use each source to finance their down payments

- **USA**
  - Savings: 70.0%
  - Previous home sale: 39.1%
  - Gift from family/friend: 30.1%
  - Investments/stock: 26.3%
  - Loan from family/friend: 26.4%
  - Retirement: 26.7%
  - Other: 11.6%

- **Atlanta**
  - Savings: 73.0%
  - Previous home sale: 34.4%
  - Gift from family/friend: 33.4%
  - Investments/stock: 29.2%
  - Loan from family/friend: 17.7%
  - Retirement: 22.4%
  - Other: 10.8%

- **Chicago**
  - Savings: 75.3%
  - Previous home sale: 33.6%
  - Gift from family/friend: 28.8%
  - Investments/stock: 19.8%
  - Loan from family/friend: 23.8%
  - Retirement: 17.0%
  - Other: 5.5%

- **Phoenix**
  - Savings: 79.2%
  - Previous home sale: 17.4%
  - Gift from family/friend: 20.0%
  - Investments/stock: 13.2%
  - Loan from family/friend: 9.5%
  - Retirement: 14.9%
  - Other: 6.3%

- **San Francisco**
  - Savings: 82.5%
  - Previous home sale: 21.6%
  - Gift from family/friend: 21.3%
  - Investments/stock: 36.3%
  - Loan from family/friend: 22.0%
  - Retirement: 25.1%
  - Other: 6.5%

- **Washington, DC**
  - Savings: 78.8%
  - Previous home sale: 31.0%
  - Gift from family/friend: 24.7%
  - Investments/stock: 22.3%
  - Loan from family/friend: 18.5%
  - Retirement: 18.6%
  - Other: 8.6%

Source: Zillow Group Consumer Housing Trends Report 2018
For-sale inventory starting to bounce back

Source: Zillow For-Sale Inventory, May 2019.
Home building behind historic average

Permits per 1,000 residents in previous 12 months

1985-2000 Average

Source: U.S. Census Bureau: New Residential Construction
Home building lagged new employment
Construction wages steadily climbing

Year-Over-Year % Wage Growth (12-month moving average)
Cities with the most land use restrictions see their home values grow faster when new jobs come to town.
So where does that leave us
Share of income necessary for typical rental at historic high

Source: Zillow Rent Affordability, 2019 Q1.
Affordability pinch most severe on the lower end of the market

Source: Zillow Rent Affordability Tiers, 2018 Q2.
Mortgage affordability sensitive to interest rates

Source: Zillow Mortgage Affordability, 2019 Q1
Share of young people in Atlanta metro without college degree and living at home on the rise

**Share Living With Parent**
- Non-grads 20-29: 45.9%
- College grads 20-29: 25.9%
- College grads 30+:
- All adults: 16.2%

**Share Living With Partner**
- College grads 30+:
- College grads 20-29: 33.8%
- Non-grads 20-29: 27.2%
- All adults: 53.1%
Higher rent burdens increase likelihood of nothing left over for savings

Rising rents can leave even the households who receive assistance few options
Housing assistance has lagged behind Fulton County rents

Source: Zillow analysis of Zillow Listings, Zillow Rent Index and HUD Fair Market Rents.